

Decision 01-10-064 October 25, 2001

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Mobil Pacific Pipeline Company, a Delaware Corporation and Ellwood Pipeline, Inc., a California Corporation for Authority to Sell Interests in Utility Property, Pursuant to the Provision of Section 851 of the Public Utilities Code of the State of California.

Application 01-07-029  
(Filed July 24, 2001)

**O P I N I O N**

**I. Summary**

This decision approves the sale and transfer of approximately 3.3 miles of a 10-inch crude oil common carrier pipe line extending from the Mobil Oil & Gas facilities to the Mobil Terminal in Santa Barbara County from the current owner, Mobil Pacific Pipeline Company (MPPL or Seller) to Ellwood Pipeline, Inc. (Ellwood or Buyer), a wholly owned subsidiary of Venoco. Venoco is currently the pipeline's only shipper. In addition to the physical asset, Ellwood will acquire the franchise for the pipeline and a license agreement. Ellwood will also assume all the tariff obligations of MPPL.

We find that such a sale is in the public interest since it advances the efficient operation of this element of California's energy infrastructure. In particular, by passing control to the only user of this pipeline while maintaining existing tariffs, the sale makes the asset particularly responsive to the operating requirements of the only current pipeline customer and preserves access by all to this asset.

We further find that this sale will have no negative environmental impacts arising from this transaction because there are no anticipated changes in operation or use.

## **II. Procedural Background**

MPPL, a Delaware corporation, and Ellwood, a California corporation, jointly applied for authority to sell interests in utility property pursuant to the provisions of Pub. Util. Code § 851 on July 24, 2001.

Notice of the filing of this Application appeared in the Daily Calendar on July 30, 2001. In Resolution ALJ 176-3068, dated August 2, 2001, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. Given this status, a public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3068.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

## **III. Applicants**

MPPL is a corporation organized and existing under and by virtue of the laws of the State of Delaware with its principal place of business in Houston, Texas. MPPL is a common carrier pipeline company, and operates petroleum pipelines between points in California under tariffs on file with this Commission. MPPL operates nearly 600 miles of pipeline in California including the pipeline that is the subject of this Application. MPPL is a wholly owned subsidiary of Exxon Mobil Corporation, which has operations in countries throughout the world.

Ellwood is a corporation organized and existing under the laws of the State of California with its principal place of business in Santa Barbara. Ellwood is engaged in the business of acquiring, owning and operating pipelines used to transport oil. Ellwood is a wholly-owned subsidiary of Venoco, Inc., a Delaware Corporation and currently the only shipper using the pipeline.

#### **IV. The Property**

MPPL wishes to sell to Ellwood approximately 3.3 miles of a 10 inch pipeline crude oil common carrier pipe line extending from the Mobil Oil & Gas facilities to the Mobil Terminal in Santa Barbara County. In addition to the physical asset, Ellwood will acquire the franchise for the pipeline and a license agreement. Ellwood agrees to assume and maintain all current tariffs on file with this Commission. Ellwood will continue to operate the pipeline as a common carrier.

The Purchase and Sale Agreement between MPPL and Ellwood was signed in June 2001, but completion of the transaction requires Commission approval. MPPL and Ellwood jointly request that the terms of the agreement be kept under confidential seal.

#### **V. Purpose of Sale**

The subject pipeline is no longer necessary or useful to MPPL in the performance of its duties to the public. Recently, the pipeline has only been used to transport crude oil on behalf of one shipper, Venoco, Inc., Ellwood's parent company. Consummation of the proposed sale will permit Ellwood to operate and maintain the subject pipeline in a manner consistent with the needs of Venoco, its corporate parent and the pipeline's only customer. The sale will also

assist MPPL in achieving economies of scale in the operation of its remaining facilities.

After the proposed sale becomes effective, Ellwood proposes to operate the pipeline as a common carrier. As MPPL will no longer be offering gathering service for the subject pipeline as published in Cal. P.U.C. T No. 13 and No. 14, pages 1-12, MPPL requests that these tariffs be cancelled. Ellwood will adopt the gathering tariff without modification.

## **VI. Discussion**

### **A. Economic and Infrastructure Consequences**

MPPL and Ellwood are both engaged in the business of transportation of petroleum products. They have agreed to the sale and transfer of a pipeline in the vicinity of Santa Barbara, which is presently utilized by current shipper, Venoco, a wholly-owned subsidiary of Ellwood. Thus, we anticipate no adverse impacts on any current customer. Indeed, we anticipate that enabling the one shipper to gain control of this pipeline will advance the efficient operation of this element of California's energy infrastructure. In particular, the asset's management will likely prove more responsive to the operating requirements of its only pipeline customer.

In addition, Ellwood has agreed to adopt the tariffs of MPPL unchanged. Because of this condition, the sale preserves access by all to this asset.

In summary, we find that the sale is in the public interest since it advances the efficient operation of this element of California's infrastructure.

### **B. Environmental Matters**

Under the California Environmental Quality Act (CEQA) we must consider the environmental consequences of projects, as defined, that are subject

to our discretionary approval. (Public Resources Code § 21080). While transfers of utility assets are generally projects subject to CEQA review by the Commission, the facts of this case indicate that this sale, while a project, is not subject to CEQA. In particular, no new facilities will be constructed, nor will any existing facilities be modified in connection with the proposed sale. Should Ellwood decide at some point in the future to modify and/or construct new facilities, Ellwood will need to comply with all applicable CEQA, Commission, or other state or local agency requirements prior to the commencement of construction.

Based upon the record, this sale does not have the potential for causing a significant effect on the environment, and accordingly the Commission need not perform further CEQA review. (CEQA Guideline 15061(b)(3).)

## **VII. Joint Motion for Protective Order**

On July 24, 2001, MPPL and Ellwood filed a joint motion for a protective order. They seek to keep under seal Exhibits D and F and page 4 of the application, which contain information reflecting Applicants current and projected finances, and the terms and conditions of the sale. The applicants state that disclosure of the private, confidential information could place them at a disadvantage in their respective competitive operations and in negotiations and transactions with vendors.

Since the applicants show good cause, we will grant a protective order for a period of two years from the date of this decision, and during that period the information shall not be made accessible or disclosed to anyone other than Commission staff except on the further order or ruling of the Commission, the Assigned Commissioner, the assigned Administrative Law Judge (ALJ), or the ALJ then designated as Law and Motion Judge. If the applicants believe that

further protection of this information is needed after two years, either may file a motion stating the justification for further withholding of the material from public inspection, or for such other relief as the Commission rules may then prove. This motion shall be filed no later than 30 days before the expiration of this protective order.

### **Findings of Fact**

1. Applicants are pipeline corporations subject to the jurisdiction of the Commission.
2. MPPL and Ellwood jointly apply for authority to sell and transfer approximately 3.3 miles of a 10 inch pipeline crude oil common carrier pipe line extending from the Mobil Oil & Gas facilities to the Mobil Terminal in Santa Barbara County from the current owner, MPPL, to Ellwood, currently the pipeline's only shipper.
3. Ellwood will acquire the franchise for the pipeline and a license agreement and assume tariff obligations.
4. Notice of the filing of this Application appeared in the Daily Calendar on July 30, 2001. No protests were received and a public hearing is not required.
5. Pipeline usage will be unchanged except for the element of ownership. Applicants believe change will not impact shippers as buyer proposes to continue to operate the line as a common carrier and to adopt current tariffs.
6. This sale does not have the potential for causing a significant effect on the environment, and accordingly the Commission need not perform further CEQA review. (CEQA Guideline 15061(b)(3).)
7. Applicants have shown good cause to keep under seal Exhibits D and F and page 4 of the application, which contain information reflecting Applicants current and projected finances, and the terms and conditions of the sale.

## **Conclusions of Law**

1. The sale and transfer of the pipeline will not adversely affect existing shippers.
2. MPPL should be authorized to cancel the crude oil shipping service for the subject pipeline as published in Cal. P.U.C. T No. 13 and No. 14 upon approval of this application.
3. Ellwood shall file tariffs offering common carrier crude oil shipping service for the subject pipeline as published in Cal. P.U.C. T No. 13 and No. 14 upon approval of this application.
4. MPPL should be relieved of the public duties and responsibilities of owning, operating, and maintaining the pipeline upon approval of this application and Buyer's filing of Tariffs approved by the Energy Division.
5. Since this transaction does not have the potential for causing a significant effect on the environment, the Commission need not perform further CEQA review and the sale and conveyance of the pipeline does not require further CEQA review by the Commission.
6. It is reasonable to keep under seal Exhibits D and F and page 4 of the application, which contain information reflecting Applicants current and projected finances, and the terms and conditions of the sale.
7. This order should be effective today to allow the transfer to take place expeditiously.

## **O R D E R**

### **IT IS ORDERED** that:

1. Mobil Pacific Pipeline Company, a Delaware corporation (Seller or MPPL), a Delaware corporation, may sell and transfer to Ellwood Pipeline, Inc., (Buyer or

Ellwood), a California corporation, approximately 3.3 miles of a 10-inch pipeline crude oil common carrier pipe line extending from the Mobil Oil & Gas facilities to the Mobil Terminal in Santa Barbara County.

2. Within ten days of the sale and transfer of the pipeline applicants shall concurrently file advice letters with tariffs affecting the transfer. The advice letters shall be filed to implement the changes approved by this decision and will be effective upon approval by the Energy Division.

3. The authority granted hereby expires if not exercised within six months of the date of this order.

4. MPPL shall be relieved of the public duties and responsibilities of owning, operating, and maintaining the pipeline upon applicants' compliance with the terms of this order.

5. The joint motion for a protective order is granted to the extent set forth below.

6. The financial and business information referred to in the application as Exhibits D and F and page 4 of the application, which have been filed under seal as an attachment to the motion for protective order, shall remain under seal for a period of two years from the date of this ruling, and during that period shall not be made accessible or disclosed to anyone other than Commission staff except on the further order or ruling of the Commission, the Assigned Commissioner, the assigned Administrative Law Judge (ALJ), or the ALJ then designated as Law and Motion Judge.

7. If the applicants believe that further protection of this information is needed after two years, it may file a motion stating the justification for further withholding the material from public inspection, or for such other relief as the



Commission rules may then provide. This motion shall be filed no later than 30 days before the expiration of this protective order.

8. Application 01-07-029 is closed.

This order is effective today.

Dated October 25, 2001, at San Francisco, California.

LORETTA M. LYNCH

President

HENRY M. DUQUE

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners